



Committee On: Banking, Commerce and Insurance

Title: Adopt the Uniform Principal and Income Act

X Advanced to General File
 Advanced to General File with Amendments
 Indefinitely Postponed

8	Yes	Senators Landis, Tyson, Aguilar, Bourne, Bruning, Jensen, Kremer, Smith
	No	
	Present, not voting	
	Absent	

Introducer
National Conference of Commissioners on
Uniform State Laws
Self

Representing:

NE Bankers Association

LB 56 (Landis) would enact in Nebraska the Uniform Principal and Income Act (1997) (UPIA 1997) as promulgated and recommended to the states by the National Conference of Commissioners on Uniform State Laws. LB 56 would repeal and replace Nebraska's version of the Uniform Principal and Income Act of 1962, as enacted in 1980 (sections 30-3101 to 30-3115).

The bill would update the rules which govern a fiduciary in the allocation of receipts and disbursements to or between principal and income. Fiduciaries subject to the bill would be either a trustee of a trust or a personal representative of a decedent's estate.

The bill would provide that a fiduciary shall administer a trust or an estate in accordance with the provisions of UPIA 1997 if the terms of the trust or the will do not contain a different provision or do not give the fiduciary a discretionary power of administration.

The contents of the bill (with UPIA 1997 sections in parentheses) are as follows:

ARTICLE 1. DEFINITIONS AND FIDUCIARY DUTIES

Section 1. Short title (Sec. 101.)

Section 2. Definitions (Sec. 102.)

Section 3. Fiduciary duties; General principles (Sec. 103.)

Section 4. Trustee's power to adjust (Sec. 104.)

Section 5. Judicial control of discretionary powers (Sec. 105.)

Section 6. Notice of proposed action; objections by beneficiary; liability of trustee; proceedings (Nonuniform section)

ARTICLE 2. DECEDENT'S ESTATE OR TERMINATING INCOME INTEREST

Section 7. Determination and distribution of net income (Sec. 201.)

Section 8. Distribution to residuary and remainder beneficiaries (Sec. 202.)

ARTICLE 3. APPORTIONMENT AT BEGINNING AND END OF INCOME INTEREST

Section 9. When right to income begins and ends (Sec. 301.)

Section 10. Apportionment of receipts and disbursements when decedent dies or income interest begins (Sec. 302.)

Section 11. Apportionment when income interest ends (Sec. 303.)

ARTICLE 4. ALLOCATION OF RECEIPTS DURING ADMINISTRATION OF TRUST PART 1. RECEIPTS FROM ENTITIES

Section 12. Character of receipts (Sec. 401.)

Section 13. Distribution from trust or estate (Sec. 402.)

Section 14. Business and other activities conducted by trustee (Sec. 403.)

PART 2. RECEIPTS NOT NORMALLY APPORTIONED

Section 15. Principal receipts (Sec. 404.)

Section 16. Rental property (Sec. 405.)

Section 17. Obligation to pay money (Sec. 406.)

Section 18. Insurance policies and similar contracts (Sec. 407.)

PART 3. RECEIPTS NORMALLY APPORTIONED

Section 19. Insubstantial allocations not required (Sec. 408.)

Section 20. Deferred compensation, annuities, and similar payments (Sec. 409.)

Section 21. Liquidating asset (Sec. 410.)

Section 22. Minerals, water, and other natural resources (Sec. 411.)

Section 23. Timber (Sec. 412.)

Section 24. Property not productive of income (Sec. 413.)

Section 25. Derivatives and options (Sec. 414.)

Section 26. Asset-backed securities (Sec. 415.)

ARTICLE 5. ALLOCATION OF DISBURSEMENTS DURING ADMINISTRATION OF TRUST

Section 27. Disbursements from income (Sec. 501.)

Section 28. Disbursements from principal (Sec. 502.)

Section 29. Transfers from income to principal for depreciation (Sec. 503.)

Section 30. Transfers from income to reimburse principal (Sec. 504.)

Section 31. Income taxes (Sec. 505.)

Section 32. Adjustments between principal and income because of taxes (Sec. 506.)

ARTICLE 6. MISCELLANEOUS PROVISIONS

Section 33. Uniformity of application and construction (Sec. 601.)

Section 34. Application of Uniform Principal and Income Act to existing trusts and estates (Sec. 605.)

Section 35. Harmonization of internal reference in another part of the statutes, section 12-1107

Section 36. Severability (Sec. 602.)

Section 37. Repeal

Section 38. Outright repeal

Explanation of amendments, if any:

Senator David M. Landis, Chairperson